

MEMO

DATE: October 10, 2005

TO: Community, Economic and Human Development Committee

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SUBJECT: Draft Findings of the 2005 State of the Region Report

SUMMARY:

Staff will present draft findings of the upcoming *2005 State of the Region Report* which is scheduled to be published in January 2006.

BACKGROUND:

Since 1998, SCAG has published a *State of the Region* report every year. Staff has prepared the report under the guidance of the Benchmarks Task Force. The list of current membership of the Benchmarks Task Force is included in Attachment 1. In addition, the process for last year's *2004 State of the Region* is also included in Attachment 2 for your information since this year is following a similar process.

The *State of the Region* reports annually on a series of indicators about our region's performance. A primary objective is to assist members of the Regional Council as they determine how the region is doing in meeting the goals in the *Regional Comprehensive Plan and Guide*. Information on the region's performance has also been widely disseminated to assist public officials, business and community leaders in developing appropriate strategies to improve our communities.

The upcoming *2005 State of the Region Report* will provide an assessment on how our six-county region performs on issue areas including Population, Economy, Housing, Transportation, Environment, Education and Safety. The Report also compares the performance of our region with other large metropolitan regions in the nation. Based on the information prepared by staff, the Benchmarks Task Force also develops a Report Card for our region.

At the meeting, staff will present to the Committee highlights of the upcoming *2005 State of the Region Report*.

Summary of draft findings of the *2005 State of the Region Report* includes the following:

1. Population

- In 2004, the region continued to grow faster than the rest of the state and the nation. Population increase of 284,000 people in the region accounted for over 10 percent of the total growth in the nation.
- Riverside County continued to have the fastest growth rate within the state in 2004 while Los Angeles County had the largest increase in absolute numbers.
- About 49 percent of the growth was due to natural increase (i.e. births over deaths), 40 percent was from foreign immigration and 11 percent from net domestic migration. Different sources of growth contributed very differently among counties in the region.
- Among the total population, there has been a declining share of the new immigrants (arrived within the last 10 years), a growing share of the settled immigrants (arrived more than 10 years ago) and the immigrants' second generation.

2. The Economy

- In 2004, the region's job market showed broad-based improvements from the previous year. Total payroll jobs increased 90,000 jobs (1.3 percent) in 2004 after gaining only 22,000 (0.3 percent) in 2003.
- The economic recovery was supported by:
 - the significant increase in residential construction and investment activities, and
 - continuing increase in real consumer spending fueled by the significant increase in home equity due to the surge in housing prices.
- Construction was the leading generator of new jobs in 2004 followed by Leisure and Hospitality, Professional Services and Financial Activities sectors. Job losses in manufacturing in 2004 were much less severe than that in the previous year.
- Unemployment rate in the region, though declined from 6.2 to 6.0 percent between 2003 and 2004, continued to be higher than the national average at 5.5 percent.
- Real average payroll per job (after adjusting for inflation) increased slightly (0.9 percent) in 2003 following the 0.8 percent decline in 2002.
- Real per capita income is estimated to increase close to 2 percent in 2004, the first gain since 2000. Between 2000 and 2003, real per capita income in the SCAG region improved from 82.6% to 85.4% when comparing with the average of the 17 largest metropolitan regions in the nation.
- Real median household income in the region increased by 2.6 percent in 2004, also the first gain since 2000.
- More than 14 percent of residents were in poverty in 2004, little change from 2000.

3. Housing

- In 2004, the region achieved the largest number of building permits (93,000 units) as well as the largest increase (15,000 units) from the previous year since 1989.
- The ratio between population increase and new housing units with building permits was 3.0 in 2004, the lowest since 1995.

- Homeownership rate (57 percent) increased by almost 3 percent since 2000, but continued to be well below the national average (67 percent) and that of the other largest metropolitan regions.
- Sharp increases in home prices significantly outpaced the growth in household income and made housing much less affordable.
- Rental cost burden increased with 54 percent of all renters paying 30 percent or more of their incomes, an increase of 5 percent since 2000.

4. Transportation

- The SCAG region continued to be the most congested region in the nation in 2004.
- The total numbers of highway fatalities in 2004 remained almost the same as in 2003 while the rest of the state decreased by 5 percent.
- Average travel time to work increased slightly from 28.1 to 28.8 minutes between 2003 and 2004.
- Carpool share of work trips decreased from 13 to 11.4 percent between 2003 and 2004.
- Due to the MTA labor union strike in late 2003, total transit annual boardings during FY 2004 (from July 2003 to June 2004) in the region declined by about 2 percent. However, during FY 2005, MTA more than recovered the losses in the previous fiscal year.
- Air passengers increased by 7.2 million (9 percent) from 2003 to 2004 after losing 10 million from 2000 to 2003.

5. The Environment

- Ozone conditions improved significantly in 2004 partly due to milder weather. In particular, the number of days exceeding the Federal 1-hour standard decreased from 68 days in 2003 to 28 days in 2004. The number of days for health advisory in the South Coast Air Basin also dropped from 36 to 4 days during the same period.
- Between 2003 and 2004, the annual average concentration of PM₁₀ continued to exceed the federal standard. In addition, the number of days exceeding the federal 24-hour PM₁₀ standards also decreased in all three non-attainment basins (South Coast, Salton Sea and Mojave Desert) in the region.
- PM_{2.5} exceedance continued but with reduced annual average concentration level.
- CO continued to meet federal attainment standards.

6. Education

- Student test scores for 8th grade continued to perform below the national median except for Orange and Ventura counties. Nevertheless, from 2003 to 2004, there were slight improvements in math test scores throughout the region
- High school dropout rate decreased in Imperial, Orange and Riverside counties but has been increasing in San Bernardino County since 2000.
- Between 2000 and 2004, there were noticeable improvements in educational attainment. During this period, the percentage of adults with at least a high school degree increased from 74 to 77 percent while the percentage of adults with at least a bachelor's degree increased from 25 to 27 percent.
- Persistent racial/ethnic disparity in educational performance.

7. Safety

- Violent crime rates continued to decline by 10 percent from 2003 to 2004 with the most significant improvements in Imperial and Riverside counties.
- Juvenile felony arrest rates increased by 2 percent from 2003 to 2004, in contrast to the trend of continuous decline between 1990 and 2003.
- Hate crime activities at lowest level since 2001.

ATTACHMENT 1

Benchmarks Task Force Membership

Hon. Ronald O. Loveridge, Mayor, City of Riverside, Task Force Chair
Hon. Debbie Cook, Councilmember, City of Huntington Beach, Task Force Vice Chair
Hon. Paul Bowlen, Councilmember, City of Cerritos
Hon. Mona Field, Board of Trustees, Los Angeles Community College District
Hon. Paul Nowatka, Councilmember, City of Torrance
Hon. Pam O'Connor, Councilmember, City of Santa Monica
Hon. Bev Perry, City Clerk, City of Brea
Hon. Toni Young, Councilmember, City of Port Hueneme
Rick Bishop, Western Riverside Council of Governments
Kimberly Collins, San Diego State University (Imperial Valley Campus)
Fernando Guerra, Loyola Marymount University
Lee Hanson, California State University, San Bernardino
Dean Kubani, City of Santa Monica Environmental and Public Works
Jerilyn Lopez Mendoza, Environmental Defense
Dowell Myers, University of Southern California
Paul Ong, University of California, Los Angeles
Todd D. Priest, Building Industry Association of Southern California
Anil Puri, California State University, Fullerton
Ty Schuiling, San Bernardino Associated Governments
Arthur J. Shaw, Consulting Economist
Arnold Sherwood, University of California, Berkeley
Jim Stewart, Southern California Council on Environment and Development
Goetz Wolff, Center for Regional Employment Strategies and UCLA

ATTACHMENT 2

The State of the Region 2004 Program A Brief Description of the Objectives and Process

Objectives

1. Tracking and assessing the performance of Southern California in comparison to other metropolitan regions in the nation.
2. Disseminating information on the region's performance to assist public officials, business and community leaders in developing appropriate strategies to improve our communities.
3. Informing and educating community residents on how our region is performing.

Targeted Audiences

1. Elected officials at local, state and federal levels.
2. Business and community leaders.
3. Key agency staff including local government planning directors.
4. Community groups and residents.

Implementation

1. With the guidance of a Benchmarks Task Force, which consists of elected officials and issue expert representatives in the region, SCAG staff collected and analyzed information regarding the performance of the region. Regional performance was assessed with respect to issues including demography, economy, housing, transportation, environment, education and public safety. A Report titled "*The State of the Region 2004*" was then prepared and released on February 3, 2005.
2. A total of 1,000 copies of *The State of the Region 2004* and 2,500 copies of the *Report Cards* have been mailed to many interested parties, including, for example:
 - SCAG Regional Council and Policy Committee members including more than 100 elected officials;
 - Chief County and City Administrators of 193 local governments in the region;
 - local government planning directors;
 - members of the state and congressional delegations; and
 - regional public libraries.
3. The full Report has been posted on the SCAG's home page (www.scag.ca.gov) since February 3, 2005 and has been downloaded more than 45,000 times.

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4. The press conference to release *The State of the Region 2004* on February 3, 2005 received very prominent media coverage throughout Southern California. Report coverage included 26 newspapers (including outside of the region), 7 TV stations and 4 radio stations. Specifically, newspaper coverage included the following:
 - Los Angeles Daily News
 - Orange County Register
 - Riverside Press Enterprise
 - San Bernardino County Sun
 - Inland Valley Daily Bulletin
 - Antelope Valley Press
 - Los Angeles Business Journal
 - Long Beach Press Telegram
 - North County Times
 - Pasadena Star News
 - San Gabriel Valley Tribune
 - Santa Monica Daily Press
 - South Bay Daily Breeze
 - Whittier Daily News
 - Downey Patriot
 - The Lookout (Santa Monica)
 - Temecula Californian
 - Palm Springs Desert Sun
 - Victor Valley Daily Press
 - La Opinion
 - China Press
 - Chinese Daily News
 - Sing Tao
 - Monterey Herald
 - San Jose Mercury News
 - Sarasota Herald Tribune
 - The Washington Times
5. In addition to the media coverage, SCAG staff has also received invitations and made presentations to public and private organizations in the region.
6. *The State of the Region* has been used as course reference materials in universities such as UCLA, UC Riverside and University of Southern California.
7. *The State of the Region* has been identified by the U.S. GAO as an example in the nation that contains a comprehensive indicator system.